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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/345,092	06/30/1999	JAY S. WALKER	WD2-98-119	9809
22927	7590	07/01/2005	EXAMINER	
WALKER DIGITAL FIVE HIGH RIDGE PARK STAMFORD, CT 06905			MYHRE, JAMES W	
			ART UNIT	PAPER NUMBER
			3622	

DATE MAILED: 07/01/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)
	09/345,092	WALKER ET AL.
	Examiner James W. Myhre	Art Unit 3622

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) Responsive to communication(s) filed on 24 November 2003.
- 2a) This action is FINAL. 2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) Claim(s) 1-44 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) Claim(s) _____ is/are allowed.
- 6) Claim(s) 1-44 is/are rejected.
- 7) Claim(s) _____ is/are objected to.
- 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
a) All b) Some * c) None of:
 1. Certified copies of the priority documents have been received.
 2. Certified copies of the priority documents have been received in Application No. _____.
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|---|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date: _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date: _____ | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Response to Arguments

1. In view of the Appeal Brief filed on November 24, 2003, PROSECUTION IS HEREBY REOPENED. New grounds of rejection are set forth below.

To avoid abandonment of the application, appellant must exercise one of the following two options:

- (1) file a reply under 37 CFR 1.111 (if this Office action is non-final) or a reply under 37 CFR 1.113 (if this Office action is final); or,
- (2) request reinstatement of the appeal.

If reinstatement of the appeal is requested, such request must be accompanied by a supplemental appeal brief, but no new amendments, affidavits (37 CFR 1.130, 1.131 or 1.132) or other evidence are permitted. See 37 CFR 1.193(b)(2).

2. Applicant's arguments, see Appeal Brief, filed November 24, 2003, with respect to Malaspina (5,544,784) in view of Bernard et al (5,918,213) have been fully considered and are persuasive. The rejection of Claims 1-44 has been withdrawn. The currently pending claims considered below remain Claims 1-44.

Claim Rejections - 35 USC § 101

3. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

4. Claims 1-33 and 40 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful,

concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. *In re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.*, the court

found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the Freeman-Walter-Abele test used in *Toma*. However, *State Street* never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the claimed invention to be non-statutory. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

In the present application, there is no technology being used in the above claims. While independent Claim 1 refers to "dispensing" the first or second product, the term cannot be linked to any technological dispensing machine, such as the vending

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machine which dispenses the products in independent Claim 36. The broadest interpretation of the term "dispensing", according to the *Webster's II New Riverside University Dictionary*, copyright 1994, is "1. To distribute in portions or parts" or "2. To prepare and give out (medicines)". Thus, the products can be dispensed by a sales clerk giving the product to the customer. Likewise, the other steps of Claim 1 could be performed by the same sales clerk who would be "receiving a product selection from the customer", "determining whether the product selection qualifies for an alternate product offer", "presenting an alternate product offer message" (to the customer); "determining if the customer has accepted said alternate product offer", and dispensing either the second product if the customer accepts the offer or the originally selected product if the customer does not accept the offer. Therefore, the above claims are deemed to be directed toward non-statutory subject matter. In order to overcome this rejection, the Examiner suggests the Applicant amend the claims to indicate which of the steps are being performed by technological devices. For example, in Claim 1, the Applicant could change step (a) to "receiving by a vending machine a product selection from the customer" or some similar terminology supported by the specification. Similar changes could be made to the other rejected claims to clarify what technology was being used to implement the invention. The Applicant is reminded, however, that the body of the claim must include non-trivial use of technology. A change such as in the preamble of Claim 1 of "A computerized method of..." would be considered trivial use of technology in that it is not linked to any of the steps in the body of the claim.

Claim Objections

5. Claims 34, 38, and 41 are objected to under 37 CFR 1.75(c), as being of improper dependent form for failing to further limit the subject matter of a previous claim. Applicant is required to cancel the claim(s), or amend the claim(s) to place the claim(s) in proper dependent form, or rewrite the claim(s) in independent form. Since the above claims contain a reference to a previous claim, the Office considers them as dependent claims. In each of this instances, the parent method claim consists of a series of steps. The above claims are directed toward computer programs (34 and 38) and an apparatus (41) which perform the exact same steps of their parent method claims. These claims do not add or amend any of the steps; thus, are considered to be of improper dependent form for failing to further limit a previous claim as indicated above.

Double Patenting

6. The nonstatutory double patenting rejection is based on a judicially created doctrine grounded in public policy (a policy reflected in the statute) so as to prevent the unjustified or improper timewise extension of the "right to exclude" granted by a patent and to prevent possible harassment by multiple assignees. See *In re Goodman*, 11 F.3d 1046, 29 USPQ2d 2010 (Fed. Cir. 1993); *In re Longi*, 759 F.2d 887, 225 USPQ 645 (Fed. Cir. 1985); *In re Van Ornum*, 686 F.2d 937, 214 USPQ 761 (CCPA 1982); *In re Vogel*, 422 F.2d 438, 164 USPQ 619 (CCPA 1970); and, *In re Thorington*, 418 F.2d 528, 163 USPQ 644 (CCPA 1969).

A timely filed terminal disclaimer in compliance with 37 CFR 1.321(c) may be used to overcome an actual or provisional rejection based on a nonstatutory double patenting ground provided the conflicting application or patent is shown to be commonly owned with this application. See 37 CFR 1.130(b).

Effective January 1, 1994, a registered attorney or agent of record may sign a terminal disclaimer. A terminal disclaimer signed by the assignee must fully comply with 37 CFR 3.73(b).

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7. Claims 1-44 are rejected under the judicially created doctrine of obviousness-type double patenting as being unpatentable over claims 1-48 of U.S. Patent No. 6,324,520. Although the conflicting claims are not identical, they are not patentably distinct from each other because the issued claims (e.g. Claim 11) include measuring the average selection time, then receiving the customer's selection, determining a substitute (alternate) product to offer to the customer, and dispensing the substitute product if the customer accepts the offer. Since the average selection time is not being used in any of the subsequent steps in the claim (Claim 11), it would have been obvious to eliminate the requirement to measure the elapsed time and to arrive at the claims in the present application.

Claim Rejections - 35 USC § 102

8. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

9. Claims 1-19, 23-26, 29, and 34-44 are rejected under 35 U.S.C. 102(e) as being anticipated by Walker et al (6,324,520).

The applied reference has a common assignee with the instant application.

Based upon the earlier effective U.S. filing date of the reference, it constitutes prior art

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under 35 U.S.C. 102(e). This rejection under 35 U.S.C. 102(e) might be overcome either by a showing under 37 CFR 1.132 that any invention disclosed but not claimed in the reference was derived from the inventor of this application and is thus not the invention "by another," or by an appropriate showing under 37 CFR 1.131.

Claims 1, 10, 34, 36, 40, 41, 43, and 44: Walker discloses a method, program, and apparatus for dispensing a product to a customer, comprising:

- a. receiving a product selection from a customer (col 11, lines 24-25);
- b. determining if the product qualifies for an alternate product offer (col 11, lines 59-60);
- c. presenting an alternate product offer message to the customer (col 12, lines 22-23);
- d. determining if the customer has accepted the alternate product offer (col 12, lines 45-49); and
- e. dispensing the alternate product if the customer accepts the offer (col 12, lines 45-49 or the originally selected product if the customer does not accept the offer (col 13, lines 3-7).

Walker further discloses that the alternate product is selected based on the profit margins of the alternate product and the originally selected product (col 12, lines 8-17).

Claims 2 and 37: Walker discloses a method for dispensing a product as in Claims 1 and 36 above, and further discloses determining if the originally selected product has alternative product decision rules (col 11, lines 47-58).

Claim 3: Walker discloses a method for dispensing a product as in Claim 2 above, and further discloses choosing the decision rule based on a predetermined selection hierarchy (col 11, line 24 – col 12, line 17).

Claims 4 and 5: Walker discloses a method for dispensing a product as in Claim 1 above, and further discloses choosing an alternate product based on the acceptance rate (col 7, lines 50-66 and col 12, lines 45-59).

Claims 6, 8, 9, and 17: Walker discloses a method for dispensing a product as in Claim 1 above, and further discloses choosing an alternate product based on the expiration dates of the originally selected product and the alternate product (col 7, lines 50-66 and col 12, lines 8-17).

Claim 7: Walker discloses a method for dispensing a product as in Claim 6 above, and further discloses the alternate product is the next product in line for vending (col 7, lines 50-66 and col 11, line 24 – col 12, line 17).

Claim 11: Walker discloses a method for dispensing a product as in Claim 10 above, and further discloses choosing the alternate product based on the profit margins and expiration dates of the originally selected product and the alternate product (col 12, lines 8-17).

Claims 12-14: Walker discloses a method for dispensing a product as in Claim 1 above, and further discloses choosing the alternative product based on the available quantities of the originally selected product and the alternate product as stored in an inventory database (col 11, line 24 – col 12, line 17 and col 12, lines 62-65).

Claims 15 and 16: Walker discloses a method for dispensing a product as in Claim 1 above, and further discloses determining and comparing the demand rate for the two products in order to determine whether the originally selected product qualifies for an alternate product offer (col 11, line 24 – col 12, line 17).

Claims 18 and 23: Walker discloses a method for dispensing a product as in Claim 1 above, and further discloses that the alternate product offer is an incentive to purchase another item (i.e. a substitute product that is not the original product)(col 7, lines 44-46).

Claim 19: Walker discloses a method for dispensing a product as in Claim 1 above, and further discloses that the alternate product offer includes a sales price (i.e. incentive) for the alternate product and that the customer must accept the offer before receiving the incentive. Thus, the customer receives the offer in the future (upon acceptance). The Examiner also notes that it is old and well known to provide a coupon for future purchases as part of the packaging of products (e.g. inside the wrapper of a candy bar), which are offers for future incentives.

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Claims 24-26: Walker discloses a method for dispensing a product as in Claim 1 above, and further discloses that the offer is for a discount in the present price of the alternate product (col 7, lines 25-29 and col 12, lines 25-28).

Claim 29: Walker discloses a method for dispensing a product as in Claim 1 above, and further discloses receiving an amount of money from the customer (col 10, lines 65-66).

Claims 35 and 39: Walker discloses a program for dispensing a product as in Claims 34 and 38 above, and further discloses various storage devices upon which the program may be stored (col 5, lines 29-49).

Claim 42: Walker discloses an apparatus for dispensing a product as in Claim 41 above, and further discloses various output devices used to output the offer message to the customer (col 5, lines 13-28).

Claim Rejections - 35 USC § 103

10. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

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11. Claims 20-22, 27, 28, and 30-33 are rejected under 35 U.S.C. 103(a) as being obvious over Walker et al (6,324,520).

The applied reference has a common assignee with the instant application.

Based upon the earlier effective U.S. filing date of the reference, it constitutes prior art only under 35 U.S.C. 102(e). This rejection under 35 U.S.C. 103(a) might be overcome by: (1) a showing under 37 CFR 1.132 that any invention disclosed but not claimed in the reference was derived from the inventor of this application and is thus not an invention "by another"; (2) a showing of a date of invention for the claimed subject matter of the application which corresponds to subject matter disclosed but not claimed in the reference, prior to the effective U.S. filing date of the reference under 37 CFR 1.131; or (3) an oath or declaration under 37 CFR 1.130 stating that the application and reference are currently owned by the same party and that the inventor named in the application is the prior inventor under 35 U.S.C. 104, together with a terminal disclaimer in accordance with 37 CFR 1.321(c). This rejection might also be overcome by showing that the reference is disqualified under 35 U.S.C. 103(c) as prior art in a rejection under 35 U.S.C. 103(a). See MPEP § 706.02(l)(1) and § 706.02(l)(2).

Claims 20-22: Walker discloses a method for dispensing a product as in Claim 18 above. While it is not explicitly disclosed that the incentive is a coupon with a coupon code comprising a sequence of characters which includes an expiration date, Walker does disclose using the expiration date of the product when determining the alternate product offer. Official Notice is taken that it is old and well known to identify coupons with coupon codes consisting of a sequence of characters and that the

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sequence of characters may include any desired information about the product, such as the UPC code, expiration date of the coupon, identity of the product manufacturer, etc. Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to include such a sequence of characters on the coupon. One would have been motivated to include such information on the coupon in order to allow better tracking of the incentive program by the coupon issuer, as is normal within the advertising arts.

Claims 27 and 33: Walker discloses a method for dispensing a product as in Claim 1 above, and further discloses that the offer is for an alternate product. While it is not explicitly disclosed that the offer is for a plurality of alternate products, it would have been obvious that the vending merchant could set the parameters of the offer to any desired limits to include a plurality of alternate products (such as 2 or 3 products of lesser cost than the original). One would have been motivated to offer the customer a plurality of alternate products in order to increase the likelihood of acceptance of the offer by the customer.

Claim 28: Walker discloses a method for dispensing a product as in Claim 1 above, and further discloses the customer either accepting or declining the offer for the alternate product. While it is not explicitly disclosed that the customer will be presented with an additional offer for an alternate product if the first offer is declined, it would have been obvious to do so. One would have been motivated to provide a second alternate

product offer if the first offer was declined in order to meet the desired goals of the invention as outlined by Walker (push products close to their expiration dates, push products that are overstocked, etc.).

Claims 30 and 31: Walker discloses a method for dispensing a product as in Claim 29 above, and further discloses receiving money from the customer and selecting an alternate product offer. While it is not explicitly disclosed that the alternate product has a higher value than the originally selected product nor that it is based on the amount of money paid, it would have been obvious to do so. One would have been motivated to select an offer for an alternate product of higher value than the originally selected product and to further base the selection on the amount of money received in order to further entice acceptance of the offer by the customer without requiring the customer to insert additional money.

Claim 32: Walker discloses a method for dispensing a product as in Claim 31 above, and further discloses that the offer is for a discount in the present price of the alternate product (col 7, lines 25-29 and col 12, lines 25-28).

Response to Arguments

12. Applicant's arguments with respect to claims 1-44 have been considered but are moot in view of the new ground(s) of rejection.

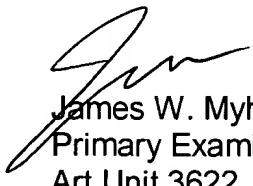
Conclusion

13. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Exr. James W. Myhre whose telephone number is (571) 272-6722. The examiner can normally be reached Monday through Thursday from 5:30 a.m. to 3:30 p.m.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Eric Stamber, can be reached on (571) 272-6724. The fax phone number for Formal or Official faxes to Technology Center 3600 is (703) 872-9306. Draft or Informal faxes, which will not be entered in the application, may be submitted directly to the examiner at (571) 273-6722.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Group Receptionist whose telephone number is (571) 272-3600.


JWM
June 27, 2005


James W. Myhre
Primary Examiner
Art Unit 3622